

2006 TAX LEVY SUMMARY

Impact On Homeowners

The Waukesha County tax levy is comprised of two segments. The general County tax levy of \$87,595,762 is levied at a rate of \$1.96 (down from \$2.11) per \$1,000 of equalized value on all eligible property in the County. The Federated Library System levy of \$2,576,634 is levied at a rate of \$0.24 per \$1,000 of taxable properties in communities without a library.

Because of varied assessment ratios to equalized values determined by the State Department of Revenue and inflationary property value changes, the tax bill impact on County's equalized tax rate of \$1.96 per \$1,000 of property value (down \$0.15 from the 2005 budget) will vary. Waukesha County's average home value, as indicated in the 2000 census and inflated, is \$256,700 in 2005, up from the 2004 value to reflect the County-wide average residential inflation rate of 9.1%. This results in a County tax increase of 1.5% or \$7.49 on a \$235,300 average home value and \$3.20 on a \$100,000 home, as indicated below:



General County Tax Levy

2004 Value of Home	County Tax 2004	Residential Inflation	2005 Value of Home	County Tax 2005	County Tax Change	
					Amount	Percent
\$100,000	\$211.01	9.10%	\$109,100	\$214.21	\$3.20	1.5%
* \$235,300	\$496.51	9.10%	\$256,700	\$504.00	\$7.49	1.5%

* Average Waukesha County home value 2000 U.S. Census was \$182,900.

Homeowner County Taxes over 10 years Increase of Less Than 1 1/2% per Year

<u>Budget Year</u>	<u>Average Home</u>	<u>Rate / \$1,000</u>	<u>Tax</u>
1996	\$152,950	\$2.89	\$442
2006	\$256,700	\$1.96	\$504
Net 10-Year Increase \$: \$62.00		10-Year Average: 1.4%	
Net 10-Year Increase %: 14.0%			

2006 BUDGET SUMMARY

	2005 Adopted Budget	2006 Adopted Budget	Incr/(Decr) From 2005 Adopted Budget	
			\$	%
OPERATING BUDGETS				
Gross Expenditures	\$224,650,532	\$230,530,655	\$5,880,123	2.62%
MEMO: Less Interdept. Charges (a)	<u>\$14,261,465</u>	<u>\$14,843,559</u>	<u>\$582,094</u>	
MEMO: Net Expenditures (a)	\$210,389,067	\$215,687,096	\$5,298,029	2.52%
Less: Revenues (Excl. Retained Earnings)	\$133,973,829	\$136,859,430	\$2,885,601	2.15%
Less Net Appropriated Fund Balance	<u>\$7,852,986</u>	<u>\$7,581,929</u>	<u>(\$271,057)</u>	
TAX LEVY -- OPERATING BUDGETS	\$82,823,717	\$86,089,296	\$3,265,579	3.94%
CAPITAL PROJECTS BUDGET				
Expenditures	\$29,727,500	\$20,684,700	(\$9,042,800)	-30.42%
Less: Revenues	\$19,035,000	\$13,731,600	(\$5,303,400)	-27.86%
Less: Appropriated Fund Balance	<u>\$5,855,000</u>	<u>\$2,870,000</u>	<u>(\$2,985,000)</u>	
TAX LEVY-CAPITAL PROJECTS BUDGET	\$4,837,500	\$4,083,100	(\$754,400)	-15.59%
COUNTY TOTALS				
Expenditures	\$254,378,032	\$251,215,355	(\$3,162,677)	-1.24%
Less: Revenues	\$153,008,829	\$150,591,030	(\$2,417,799)	-1.58%
Less: Appropriated Fund Balance	<u>\$13,707,986</u>	<u>\$10,451,929</u>	<u>(\$3,256,057)</u>	
County Tax Levy				
General & Library (Excl Debt Service) (b)	\$76,724,966	\$78,416,482	\$1,691,516	2.20%
Debt Service Exemption (b)	\$10,936,251	\$11,755,914	\$819,663	

(a) Net operating expenditure budget after eliminating interdepartmental chargeback transactions (mostly from internal service fund operations) which in effect result in double budgeting.

(b) The 2006 budget meets both the tax levy limit (2.8% new construction growth) as adopted in the State 2005-2007 budget and as submitted by the Legislature prior to the Governor's partial veto modification. To comply with the Legislature's version, no new levy is proposed for any borrowing after July 1, 2005.

County Tax Levy Limits and Recent Trends

Levy Limits – Property Tax Freeze

Enrolled 2005 Wisconsin Act 25 (2005-2007 State Budget) establishes local levy limits for the 2006 and 2007 budgets. The law prohibits a county from increasing its total levy by more than the percentage change in the county's January 1 equalized value growth due to new construction, less improvements removed, between the previous year and the current year. Debt service is exempt from the levy limit.

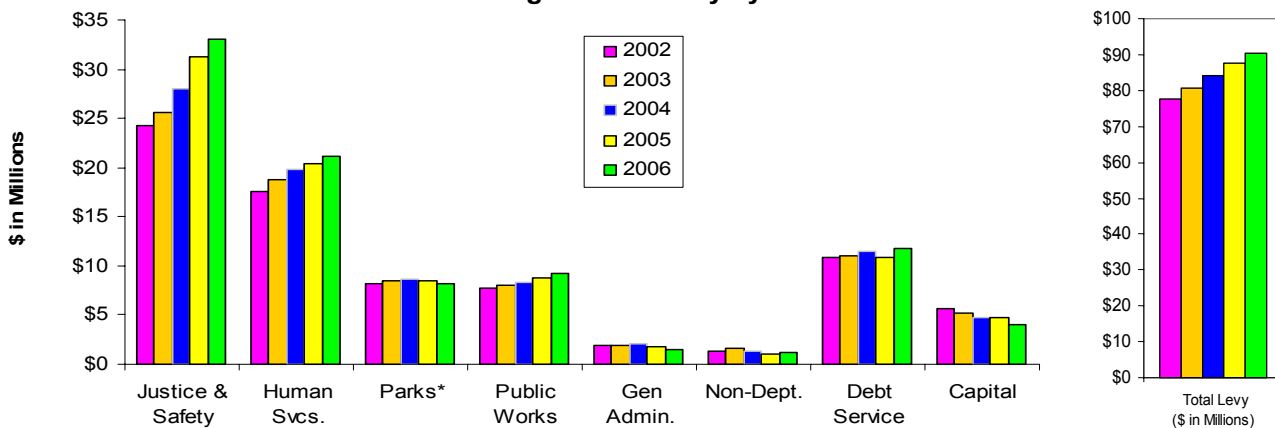
The 2006 budget meets the tax levy limit as adopted in the Wisconsin 2005-2007 State Budget, and the levy limit as submitted by the State Legislature prior to the Governor's partial veto modification.

2006 Waukesha County Budget Tax Levy Limit Calculation

(\$ In Millions)

Waukesha County 2004 Levy for 2005 Budget	\$87.70
Levy Limit for New Construction Growth @2.8%	\$2.46
Levy Limit for Pre-2006 Debt Issuances	<u>\$0.52</u>
Total Maximum Levy Allowable Under Limit	\$2.98
Total Adopted 2005 Budget Levy Increase	\$2.50

2002-2006 Budgeted Tax Levy by Functional Area



*Includes Parks, Environment, Education and Land Use

The chart above shows the majority of recent tax levy growth trend to be primarily within the Justice and Public Safety and Health and Human Service Functional Areas. The Countywide Communication Center consolidated the dispatch and call taking services for 29 municipalities & county agencies, resulting in the addition of \$2.8 million of tax levy over 2004 and 2005. The Jail expansion project has also added \$2.6 million for 2005 and 2006 within the Sheriff and Public Works departments. The jail expansion, providing 278 additional beds, is to be operational during the 4th quarter 2005. The Health and Human Services tax levy funding is resulting mainly from the lack of increased State funding for mandated services.

2006 BUDGET SUMMARY BY AGENCY BY FUNCTIONAL AREA

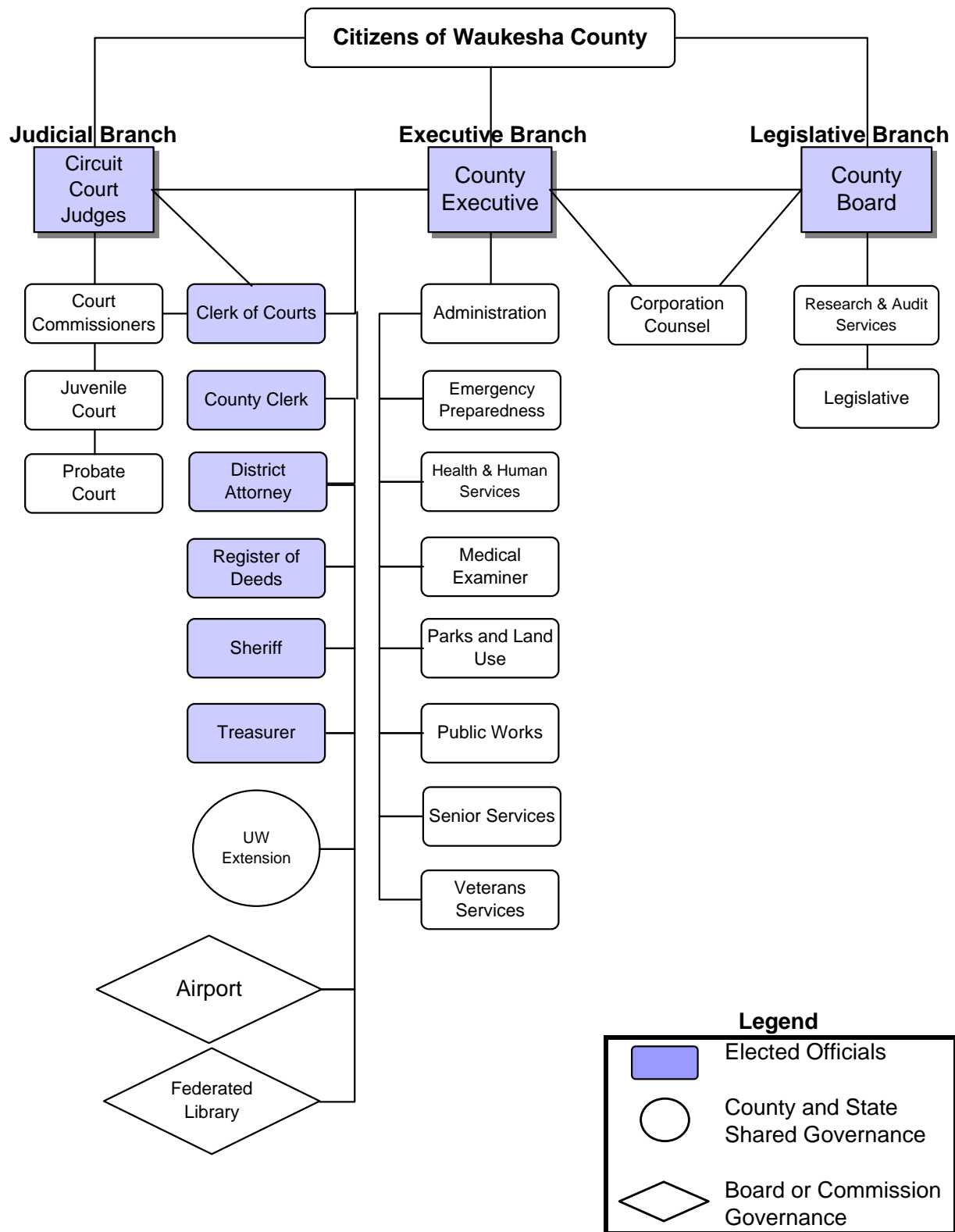
2006 ADOPTED BUDGET					Tax Levy
AGENCY NAME	EXPEND.	REVENUES	NET FUND BALANCE APPROP.	TAX LEVY	\$ Change '05 - '06
JUSTICE AND PUBLIC SAFETY					
EMERGENCY PREPAREDNESS					
General	\$4,208,875	\$175,123	\$241,117	\$3,792,635	\$77,600
Radio Services	\$1,090,724 (a)	\$1,254,697	(\$163,973)	\$0	\$0
Radio Svcs. Rtnd. Earn.	\$0	(\$163,973)	\$163,973	\$0	\$0
Radio Svcs. Fund Bal. Appr.	\$0	(\$329,008)	\$329,008	\$0	\$0
DISTRICT ATTORNEY	\$2,233,663	\$613,392	\$0	\$1,620,271	\$67,400
CIRCUIT COURT SERVICES	\$8,642,016	\$4,275,000	\$0	\$4,367,016	\$149,400
MEDICAL EXAMINER	\$1,160,166	\$287,670	\$0	\$872,496	\$22,300
SHERIFF	<u>\$30,125,801</u>	<u>\$7,529,856</u>	<u>\$171,099</u>	<u>\$22,424,846</u>	<u>\$1,526,200</u>
Subtotal: Justice & Pub Safety	\$47,461,245	\$13,642,757	\$741,224	\$33,077,264	\$1,842,900
HEALTH AND HUMAN SERVICES					
COUNTY EXECUTIVE					
Community Development	\$4,899,350	\$4,899,350	\$0	\$0	\$0
CORPORATION COUNSEL					
Child Support	\$2,282,820	\$1,997,368	\$75,500	\$209,952	\$41,900
SENIOR SERVICES					
General	\$2,376,972	\$1,098,701	\$0	\$1,278,271	\$12,500
Nutrition	\$1,144,924	\$958,362	\$2,375	\$184,187	\$8,600
HEALTH & HUMAN SERVICES					
Public Health	\$3,194,880	\$1,088,788	\$0	\$2,106,092	\$39,614
Human Services	\$39,651,363	\$26,797,109	\$435,550	\$12,418,704	\$333,431
Long Term Care	\$37,545,662	\$35,592,792	\$200,000	\$1,752,870	(\$29,181)
Mental Health Center	\$5,019,002	\$2,091,544	\$0	\$2,927,458	\$256,436
VETERANS' SERVICES	<u>\$256,130</u>	<u>\$13,075</u>	<u>\$0</u>	<u>\$243,055</u>	<u>\$6,851</u>
Subtotal: HHS	\$96,371,103	\$74,537,089	\$713,425	\$21,120,589	\$670,151
PARKS, ENVIR, EDUCATION & LAND USE					
REGISTER OF DEEDS	\$1,917,656	\$3,242,400	\$0	(\$1,324,744)	(\$189,170)
UW-EXTENSION: EDUCATION	\$322,761	\$58,630	\$0	\$264,131	(\$50,000)
FEDERATED LIBRARY					
County	\$2,576,634	\$0	\$0	\$2,576,634	(\$164,752)
State Aids	\$1,186,208	\$1,186,208	\$0	\$0	\$0
PARKS & LAND USE					
General	\$11,499,652	\$4,505,200	\$356,000	\$6,638,452	\$80,500
Land Information Systems	\$558,386	\$558,386	\$0	\$0	\$0
Tarmann Parkland Acquisitions	\$1,000,000	\$875,000	\$125,000	\$0	\$0
Golf Courses	\$3,119,471 (a)	\$3,265,000	(\$145,529)	\$0	\$0
Golf Course Rtnd. Earnings	\$0	(\$145,529)	\$145,529	\$0	\$0
Ice Arenas	\$1,028,313 (a)	\$930,000	\$98,313	\$0	\$0
Ice Arenas Rtnd. Earnings	\$0	\$98,313	(\$98,313)	\$0	\$0
Material Recycling Facility	\$2,043,941 (a)	\$2,420,000	(\$376,059)	\$0	\$0
MRF Retained Earnings	\$0	(\$376,059)	\$376,059	\$0	\$0
MRF Fund Bal. Appr.	<u>\$0</u>	<u>(\$650,000)</u>	<u>\$650,000</u>	<u>\$0</u>	<u>\$0</u>
Subtotal: Parks, Env., Ed. & Land Use	\$25,253,022	\$15,967,549	\$1,131,000	\$8,154,473	(\$323,422)

2006 BUDGET SUMMARY BY AGENCY BY FUNCTIONAL AREA

AGENCY NAME	2006 ADOPTED BUDGET				Tax Levy \$ Change '05 - '06
	EXPEND.	REVENUES	NET FUND BALANCE APPROP.	TAX LEVY	
PUBLIC WORKS					
PUBLIC WORKS					
General	\$9,778,265	\$1,516,186	\$293,730	\$7,968,349	\$639,240
Transportation	\$9,271,524	\$8,263,725	\$0	\$1,007,799	(\$257,499)
Central Fleet Maintenance	\$3,074,491 (a)	\$3,083,802	(\$9,311)	\$0	\$0
Central Fleet Rtn'd. Earnings	\$0	(\$9,311)	\$9,311	\$0	\$0
Central Fleet Fund Bal. Appr.	\$0	(\$101,083)	\$101,083	\$0	\$0
VEHICLE/EQUIP REPL.	\$2,114,383 (a)	\$2,118,506	(\$4,123)	\$0	\$0
Veh. Replace Rtn'd. Earnings	\$0	(\$4,123)	\$4,123	\$0	\$0
AIRPORT	\$1,038,180 (a)	\$662,750	\$173,977	\$201,453	\$0
Subtotal: Public Works	\$25,276,843	\$15,530,452	\$568,790	\$9,177,601	\$381,741
GENERAL ADMINISTRATION					
COUNTY EXECUTIVE					
General	\$530,212	\$10,500	\$0	\$519,712	\$11,858
COUNTY BOARD	\$1,363,357	\$0	\$0	\$1,363,357	\$31,066
COUNTY CLERK	\$589,746	\$219,000	\$35,000	\$335,746	\$36,000
TREASURER	\$719,573	\$7,702,213	\$0	(\$6,982,640)	(\$334,482)
ADMINISTRATION					
General	\$6,565,987	\$1,080,138	\$0	\$5,485,849	(\$82,569)
Risk Management	\$2,035,319 (a)	\$1,550,922	\$484,397	\$0	\$0
Collections	\$718,546 (a)	\$718,546	\$95,000	(\$95,000)	\$0
Collections Fund Bal. Appr.	\$0	(\$37,050)	\$37,050	\$0	\$0
Communications	\$801,192 (a)	\$792,792	\$8,400	\$0	\$0
CORPORATION COUNSEL					
General	<u>\$1,336,145</u>	<u>\$400,900</u>	<u>\$15,000</u>	<u>\$920,245</u>	<u>\$25,673</u>
Subtotal: General Admin.	\$14,660,077	\$12,437,961	\$674,847	\$1,547,269	(\$312,454)
NON-DEPARTMENTAL					
GENERAL	\$2,093,172	\$1,050,522	\$389,600	\$653,050	\$80,280
Gen. F.B. Tax Incr. Dist.	\$0	\$0	\$16,700	(\$16,700)	\$136,720
END USER OPER. & TECHNOLOGY	\$4,959,279 (a)	\$4,753,800	(\$64,357)	\$269,836	(\$30,000)
End User Technology Rtn'd. Earn.	\$0	(\$64,357)	\$64,357	\$0	\$0
End User Technology Fund Bal. Appr.	\$0	(\$996,343)	\$996,343	\$0	\$0
CONTINGENCY	<u>\$1,350,000</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$350,000</u>	<u>\$0</u>
Subtotal: Non-Depart.	\$8,402,451	\$4,743,622	\$2,402,643	\$1,256,186	\$187,000
DEBT SERVICE--GENERAL	<u>\$13,105,914</u>	<u>\$0</u>	<u>\$1,350,000</u>	<u>\$11,755,914</u>	<u>\$819,663</u>
Subtotal: Operating Bud.	\$230,530,655	\$136,859,430	\$7,581,929	\$86,089,296	\$3,265,579
CAPITAL PROJECTS	<u>\$20,684,700</u>	<u>\$13,731,600</u>	<u>\$2,870,000</u>	<u>\$4,083,100</u>	<u>(\$754,400)</u>
GRAND TOTAL	<u>\$251,215,355</u>	<u>\$150,591,030</u>	<u>\$10,451,929</u>	<u>\$90,172,396</u>	<u>\$2,511,179</u>

(a) Proprietary fund (Internal Service and Enterprise funds) expenditure appropriations exclude Fixed Asset and Debt Service Principal payments to conform with generally accepted accounting standards. Fixed asset purchases and Debt Principal payments will be funded by operating revenues, tax levy, or balance appropriations and are included, as applicable, in each agency budget request.

Waukesha County Organizational Chart



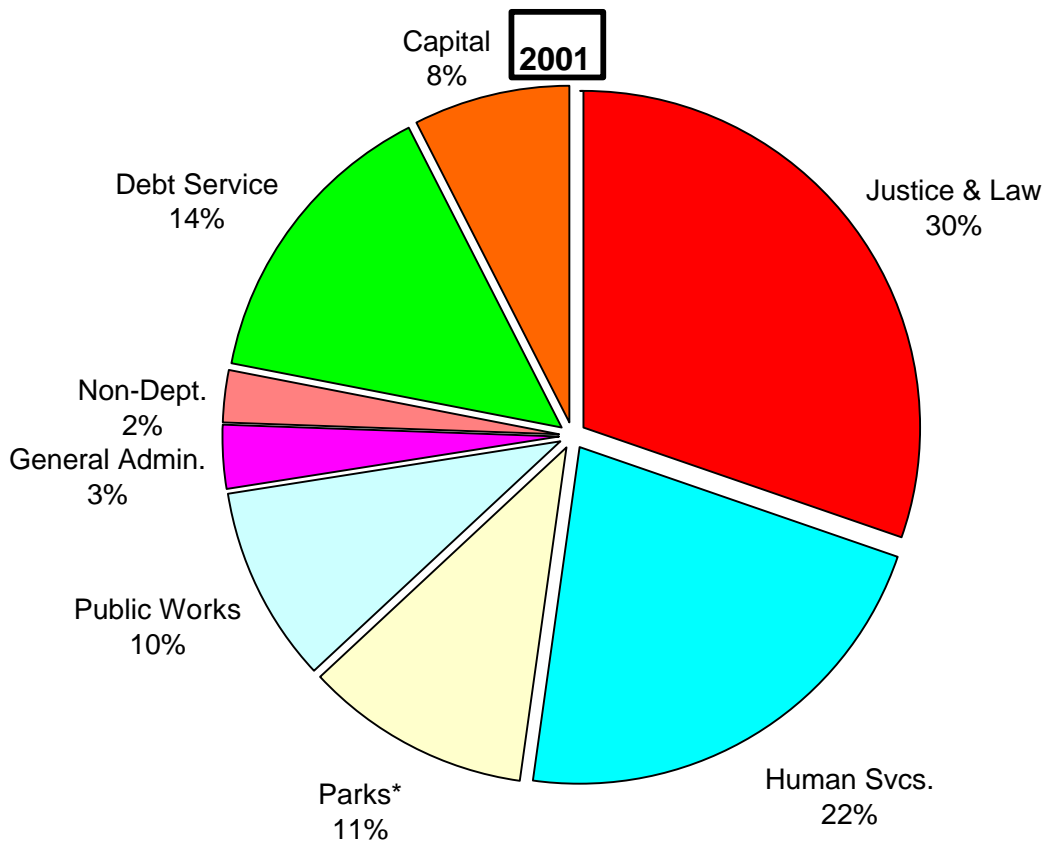
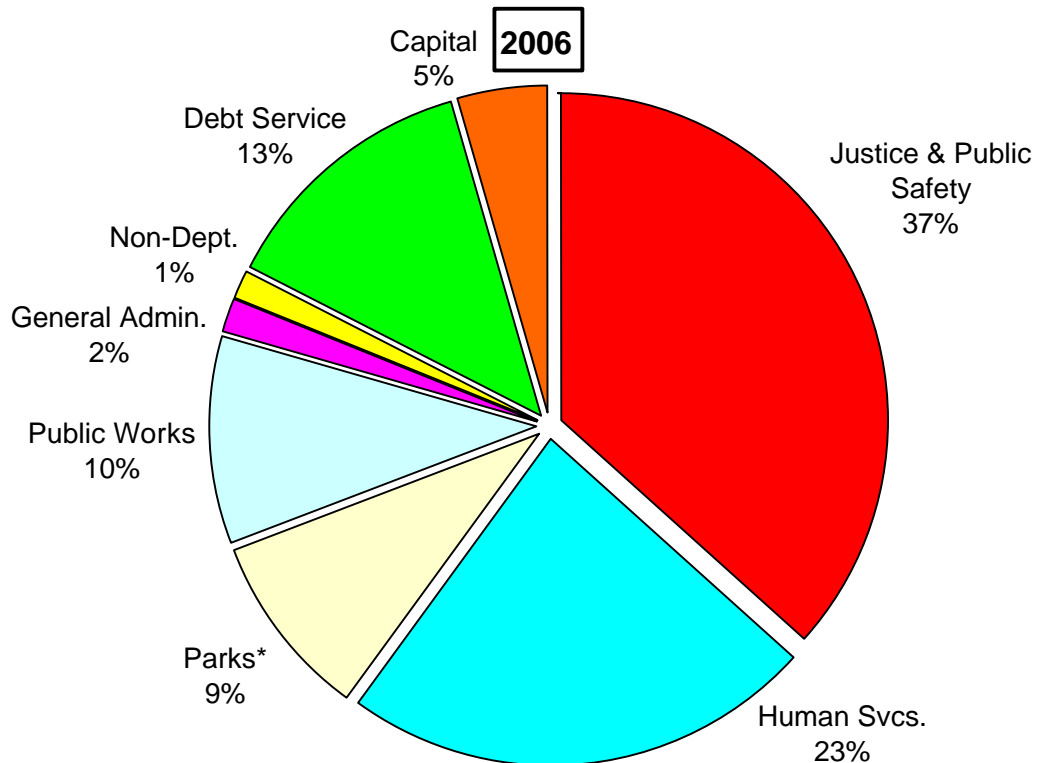
2006 BUDGET ASSUMPTIONS

Certain broad assumptions are determined which establish a basic foundation for building a budget. These general assumptions provide a framework to County staff, the County Executive and the County Board of Supervisors for setting priorities, determining service levels and allocating limited financial resources.

The following general assumptions were used in guiding the development of the County's 2006 budget.

- Overall inflation factor estimated for cost to continue existing services is projected for 2006 at a range from 2.0% to 2.5% depending upon the particular service or commodity. The major exceptions include cost increases for utilities, fuel, health insurance, prescription drugs and contributions to the Wisconsin Retirement System.
- To meet the levy limit target, about \$3 million of cost to continue over the levy limit had to be absorbed through program reductions, shifting priority funding between programs, more efficient program delivery and identifying increased revenue opportunities.
- Energy costs are estimated to rise faster than the rate of inflation. Natural gas to heat county facilities is assumed to increase 12% for the second consecutive year, and electricity is projected to rise 7% resulting in higher budget energy costs in excess of \$150,000. Fuel cost for vehicle operations is assumed to increase by 20% or nearly \$160,000.
- The County Executive established as a goal for his proposed budget to manage a levy rate decrease, and a general tax levy increase limited to the new construction value growth in the county for 2005 (consistent with State tax levy freeze legislation), excluding the levy required for past debt service (prior to July 1, 2005), which is exempt under State legislated levy caps.
- Within the target, the 2006 budget includes nearly \$1.4 million for new Jail expansion operations above the base 2005 budgeted levy amounts for the Sheriff and Public Works. Jail expansion expenditures in 2006 include a full year of Sheriff daily operations, with 5 additional new jail positions being phased in 2006 (for a total of 33.5 new Jail expansion positions), and Public Works utilities and maintenance costs including the full year impact of 4 new positions added in the 2005 budget for the October 2005 opening.
- A 6% average health insurance premium increase and a 5% increase in Wisconsin Retirement contributions made the target a significant challenge.
- Funding of \$250,000 is planned for "Controlled Access" perimeter security at the Courthouse and Administration Building entrances.
- The proposed budget will decrease the tax levy rate for the 16th consecutive year as a combination of limiting expenditures coupled with an estimated tax base increase of almost 11% results in a fourteen cent decrease in the levy rate from \$2.11 to \$1.97 per \$1,000 of property value. This is the lowest rate in at least 40 years as annual records indicate.
- Due to the State's continuing fiscal deficits, the County anticipates State funding reductions and caps on grant-funded mandates, which will have to be absorbed.
- The largest state discretionary funding source, Basic County Allocation (BCA) of \$ 11.4 million to Health and Human Service programs, is expected to provide no increase to offset higher costs to continue existing service levels, which will result in a tax levy need of over \$600,000. The State Court Support Grant is not expected to increase, resulting in additional levy need of nearly \$150,000 to run the State Circuit Court system.
- Register of Deeds charges for service revenues are estimated to increase \$234,000 based on estimated trends of recording volume and property value increases. Revenues generated in excess of associated operating expenditures are estimated to increase \$189,000 from 2005. This increase is used to reduce overall County government tax levy funding requirements.
- Debt borrowing costs are estimated to be about 4.5% on \$12 million planned (based on the capital plan) ten-year 2005 issue. Prior year revenue in debt service fund balance will fully fund new debt service costs from the 2006 debt issue. The levy effort to fund the Capital budget will be at \$4.3 million, \$504,400 less than 2005 as a result of reduced net expenditure funding required.

TAX LEVY BY FUNCTIONAL AREA



*Includes Parks, Environment , Education and Land Use

**2005-2006 TAX LEVY BY FUNCTION
(COMBINES ALL FUNDS)**

BY FUNCTION	2005 Adopted Budget	2006 Adopted Budget	Incr/(Decr) From 2005 Adopted Budget	
			\$	%
Justice & Public Safety	\$31,234,364	\$33,077,264	\$1,842,900	5.90%
Health & Human Services	\$20,450,438	\$21,120,589	\$670,151	3.28%
Parks, Env., Educ. & Land Use	\$8,477,895	\$8,154,473	(\$323,422)	-3.81%
Public Works	\$8,795,860	\$9,177,601	\$381,741	4.34%
General Administration	\$1,859,723	\$1,547,269	(\$312,454)	-16.80%
Non-Departmental	\$1,069,186	\$1,256,186	\$187,000	17.49%
Debt Service	\$10,936,251	\$11,755,914	\$819,663	7.49%
Capital Projects	\$4,837,500	\$4,083,100	(\$754,400)	-15.59%
Total Tax Levy	\$87,661,217	\$90,172,396	\$2,511,179	2.86%

**2006 BUDGET TAX LEVY BREAKDOWN
(General County and Federated Library)**

	2005 Adopted Budget	2006 Adopted Budget	Incr/(Decr) From 2005 Adopted Budget	
			\$	%
General County Tax Levy	\$84,919,831	\$87,595,762	\$2,675,931	3.15%
General County Tax Rate	\$2.1101	\$1.9634	(\$0.1467)	-6.95%
General County Equalized Value	\$40,244,065,050	\$44,614,092,450	\$4,370,027,400	10.86%
Federated Library Tax Levy	\$2,741,386	\$2,576,634	(\$164,752)	-6.01%
Federated Library Tax Rate	\$0.2354	\$0.2416	\$0.0062	2.62%
Federated Library Equalized Value	\$11,643,340,500	\$10,664,628,100	(\$978,712,400)	-8.41%

2004 - 2006 EXPENDITURE SUMMARY

APPROPRIATION UNIT	2004 Actual	2005 Adopted Budget	2005 Estimate (b)	2006 Adopted Budget	Incr/(Decr) From 2005 Adpt. Budget
Personnel Costs	\$90,777,185	\$96,434,238	\$95,988,764	\$100,795,892	\$4,361,654
Operating Expenses	\$89,410,588	\$99,283,718	\$94,186,599	\$100,233,390	\$949,672
Interdepartmental Charges	\$13,671,524	\$14,261,465	\$14,243,573	\$14,843,559	\$582,094
Fixed Assets & Imprvmnts (a)	\$2,371,145	\$2,584,860	\$2,815,220	\$1,551,900	(\$1,032,960)
Debt Service-Excl Proprietary (a)	\$12,885,188	\$12,086,251	\$11,718,589	\$13,105,914	\$1,019,663
Capital Projects	\$28,344,370	\$29,727,500	\$29,727,500	\$20,684,700	(\$9,042,800)
Total Gross Expenditures	\$237,460,000	\$254,378,032	\$248,680,245	\$251,215,355	(\$3,162,677)

BY FUNCTIONAL AREA	2004 Actual	2005 Adopted Budget	2005 Estimate (b)	2006 Adopted Budget	Incr/(Decr) From 2005 Adpt. Budget
Justice & Public Safety	\$42,604,513	\$45,773,706	\$45,759,695	\$47,461,245	\$1,687,539
Health & Human Services	\$85,575,315	\$95,082,861	\$90,505,207	\$96,371,103	\$1,288,242
Parks, Env., Educ. & Land Use	\$25,402,078	\$25,691,962	\$26,136,338	\$25,253,022	(\$438,940)
Public Works	\$22,602,202	\$24,053,831	\$24,579,338	\$25,276,843	\$1,223,012
General Administration	\$13,231,276	\$14,364,848	\$13,957,099	\$14,660,077	\$295,229
Non-Departmental	\$6,815,058	\$7,597,073	\$6,296,479	\$8,402,451	\$805,378
Debt Service-Excl Proprietary	\$12,885,188	\$12,086,251	\$11,718,589	\$13,105,914	\$1,019,663
Capital Projects	\$28,344,370	\$29,727,500	\$29,727,500	\$20,684,700	(\$9,042,800)
Total Gross Expenditures	\$237,460,000	\$254,378,032	\$248,680,245	\$251,215,355	(\$3,162,677)

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(b) Estimated expenditures exceed budget due to prior year appropriations carried forward and expended in current year and/or other budget modifications approved by County Board ordinance or fund transfer.

2006 EXPENDITURE HIGHLIGHTS

Expenditure Budget:

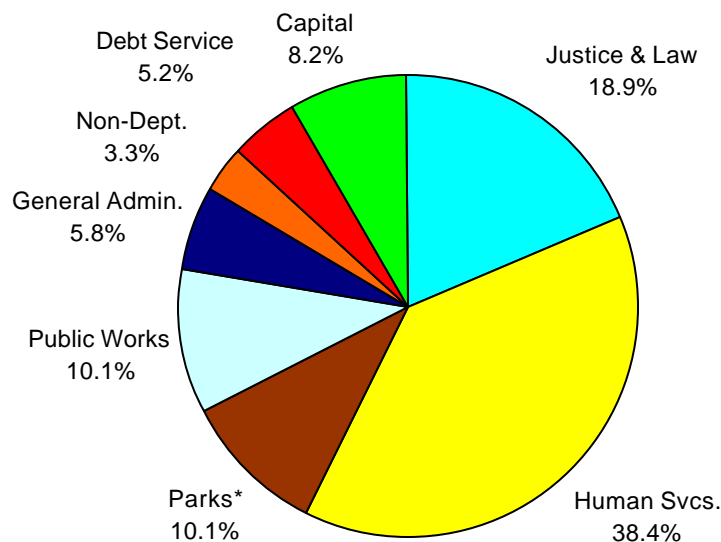
The 2006 total gross expenditure budget is \$251,215,355, a decrease \$3.2 million or 1.2% from the 2005 adopted budget. Budget appropriations consist of departmental operating expenditures of \$230,530,655 and capital spending of \$20,684,700. The total overall operating budget increases by \$5,880,123 from last year's operating budget while capital project expenditures decrease by \$9,042,800 from the 2005 adopted budget.

The net total expenditure budget after adjustment for \$14,843,059 in interdepartmental charge backs, mainly from Internal Service Funds (which are double budgeted), is \$236,377,796.

The adopted budget includes personnel costs totaling \$100.8 million or 44% of the operating budget. Overall employee costs increased about \$4.4 million, or 4.5% from the 2005 adopted budget.

Operating expenditures (including operating expenses, purchased services, and interdepartmental charges appropriations) increase from \$113.5 million in 2005 to \$115.1 million in 2006, an increase of \$1.5 million or 1.3%. Operating, expenses represent about 50% of the operating budget. Fixed assets and improvements expenditures are budgeted at \$1.6 million. Debt service payments are budgeted at \$13.1 million.

2006 Expenditures as a Percent of Total

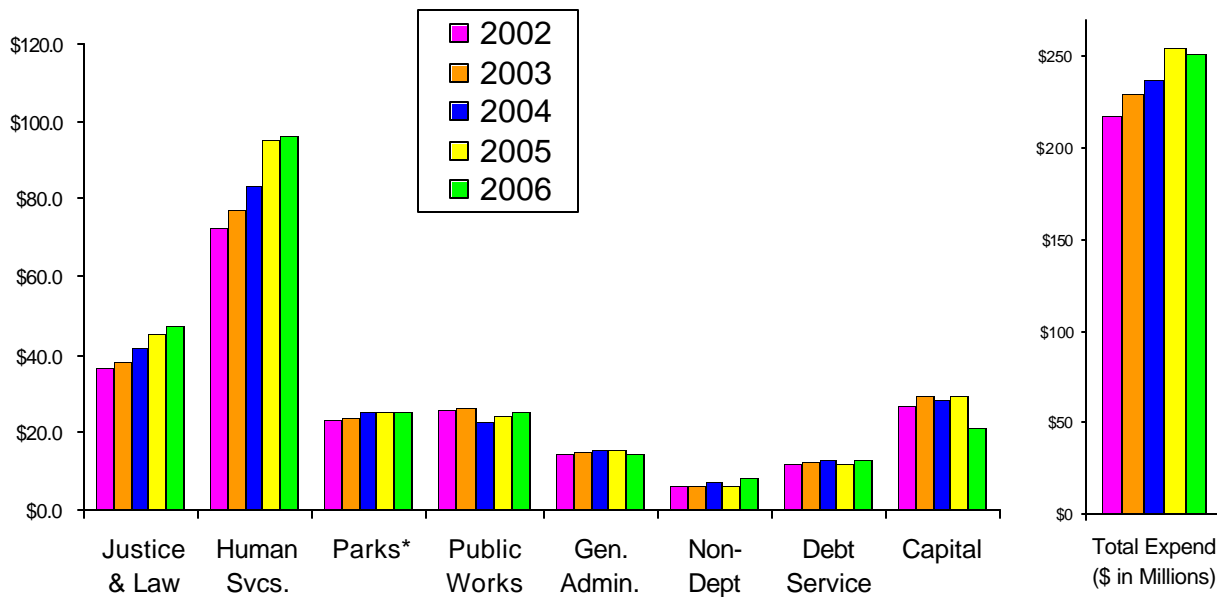


*Includes Parks, Environment, Education and Land Use

As shown above, the 2006 Functional Area expenditures are broken down as follows; Human Services activities represent 38.4% of county expenditures increasing \$1.3 million or 1.35% over 2005 budgeted levels; Justice and Public Safety activities represent 18.9% of total expenses and increase \$1.7 million or 3.7%; Public Works represents 10.1% of total expenses and increases \$1.2 million or 5.1%; Parks, Environment, Education and Land Use expenditures represent 10.1% of total and decrease \$439,000 or 1.7%; General Administration is 5.8% of expenditures and increase \$295,200 or 2.1%; Non-Departmental is 3.3% of expenditures and increases \$805,378 or 10.6%; Capital expenditures total 8.2% of county expenditures and decrease \$9.0 million or 30.4%; Debt Service represents 5.2% of total expenditures and increases \$1.0 million or 8.4%.

2006 EXPENDITURE HIGHLIGHTS

Budgeted Expenditures by Functional Area 2002 – 2006



*Includes Parks, Environment, Education and Land Use

The graph above depicts expenditure trend data over the past five years. The 2006 budget expenditure level decreases 1.24% or \$3.2 million to \$251.2 million. The decrease reflects a modest 2.5% increase in gross operating and debt expenditures offset by a \$9.1 million decrease in capital expenditures.

Detailed expenditure highlights are included within each Functional Area Summary. A summary of major funding and policy changes, which impact expenditures by functional area, follows:

Justice and Public Safety

- The Sheriff department is budgeting for 4.50 FTE new positions to be created in 2006 (funding 2.88 FTE during 2006) and funding 13.31 FTE positions created in the 2005 budget years as the Jail Expansion is planned to be operational during the 4th quarter 2005 for expanded and recommended segregated inmate housing. The full year expenditure impact related to the Jail Addition is \$2,598,000, \$1,789,000 within the Sheriff's Department and \$800,000 within the Public Works Department.
- The **Sheriff** department is creating one Deputy Sheriff position and budgeting for 4.83 FTE non-sworn temporary extra help positions to implement the Courthouse / Administration center controlled access entrances for campus security planned for the 2nd quarter of 2006. This will restrict public access to the buildings to one screening entrance.
- The **Sheriff** Department's 2006 budget for **out of county prisoner placement and transport costs** eliminates \$100,000 of tax levy funded expense due to the opening of the new jail addition eliminating the need for out of county inmate housing.
- The **Emergency Preparedness (EP)** department includes a Programs & Projects Analyst position to improve communications and begin business management function of the new department, which was created as of July 01, 2005 to consolidate the Waukesha Communication Center operations, Emergency Management operations, and Radio Service operations.
- **Circuit Court Services** eliminates a 0.75 FTE Clerk Typist II, and absorbs these responsibilities internally, based on limited tax levy budget funding.

2006 EXPENDITURE HIGHLIGHTS

- The **Criminal Justice Collaborating Council (see table of contents, Health and Human Services Functional Area Section)** continues to carry out analysis/special studies and to recommend and implement comprehensive changes aimed at controlling jail inmate population growth. The Council is provided with budget appropriations totaling \$653,700 and total county tax levy funding of \$440,913 (no increase from 2005) to address front end and aftercare inmate monitoring services to help reduce recidivism.
- **Criminal Justice Collaborating Council** includes \$171,000 to implement an **Alcohol Treatment Court** that will target 3rd offense OWI offenders funded through a three year \$450,000 grant from the Federal Department of Justice with the goal of reducing OWI recidivism.

Health and Human Services

- To deal with the fiscal pressures in mandated programs, the 2006 **Human Services** budget includes reductions in certain non-core, non-mandated Human Services program areas.
- Human Services reductions include the **abolishment of 1.0 FTE Clerk Typist** position resulting in a cost reduction of \$47,600. Remaining clerical and professional staff will absorb clerical duties associated with the position.
- Human Services non-mandated program reductions also include a reduction in **BASIC grants** (Basic Assistance and Services for Individuals in Crisis) of \$85,000 from \$167,560 to \$82,560. The remaining funding will be prioritized to provide support services to clients discharged from the Mental Health Center.
- Non-mandated **Intake Division education and outreach** contractual programming is reduced of \$44,700. Specific reductions include a \$26,000 reduction to for **Mental Health Associations** community outreach/education contract, a \$12,700 decrease in **Women's Center** domestic violence counseling contract and a \$6,000 reduction in the **Association for the Rights of Citizens with Handicaps (ARCH)** outreach/education associated with developmental disability issues.
- In the face of escalating **Health and Human Services - Economic Support (ES)** caseloads, continued State Income Maintenance (IM) program expansions and lower state funding, the County is adding \$77,600 in contract clerical support to develop a **Change Call Center** to allow clients to report changes in income, household composition and other circumstance that impact benefits. This is expected to cost effectively deal with increasing caseloads and allow for more timely responses to client phone calls.
- The Human Services Budget includes the mid-year **transfer of a Computer Services Coordinator Position to the County's End User Operations and Technology Fund (EUOTF) and the Creation of a Centralized Records Supervisor Position** within HHS. The transfer of the Computer Coordinator to a Business Analyst position enhances overall countywide information technology services while maintaining and improving services specifically provided to HHS. The records position is created to provide and enhance the core records management responsibilities previously provided by the Computer Services Coordinator position.

Parks, Environment, Education and Land Use

- UW Extension county tax levy support is reduced \$50,000, and results in the reduction of 0.50 FTE Clerk Typist position as well as other targeted operating cost reductions.
- **Parks and Land Use unfunds 2.0 regular full time positions**, including a 1.0 FTE Clerk Typist position within the Land and Water Resources program areas, which reduce costs by \$44,800. Parks and Land Use staff indicates that the remaining clerical and professional staff will absorb the positions duties. A 1.0 FTE Park Maintenance position within the golf course enterprise operations is also unfunded based on lower current and projected workloads.
- **The Parks and Land Use** budget appropriates \$286,000 of grant funded expenditures associated with the continuation of the three-year \$812,300 Smart Growth grant accepted through 2005 enrolled ordinance 160-13. The Smart Growth initiative includes Waukesha County, 27 County municipalities and the Southeastern Wisconsin Regional Planning Commission (SEWRPC) participation in a multi-jurisdictional planning effort to update the comprehensive development plan for Waukesha County.

2006 EXPENDITURE HIGHLIGHTS

- The **Parks and Land Use** budget includes \$51,000 of third year funding of a SEWRPC **regional ground water study**, which is to be conducted over a four-year period. The study forwards the objectives outlined in County Board adopted resolution 156-21 to identify groundwater recharge areas and to develop a strategy for coordination of municipal water supplies. The Plan's findings will be an important component in County land use planning and eventual update of the Waukesha County Development Plan.

Public Works

- **Public Works General Fund** operations includes full year costs of \$215,999 for 1.00 FTE Maintenance Mechanic III; 2.00 FTE Maintenance Mechanic II's; and 1.00 FTE Building Service Worker II created for the opening of the Justice expansion facility in October, 2005. Full year utility costs are budgeted at \$427,500 and additional operating costs are included at \$153,700. This is a 2006 expenditure budget increase of \$482,010 and 1.75 FTE position.
- Other position changes in the **Public Works Department Transportation Fund** include the unfunding of a vacant 1.00 FTE Patrol worker to offset the declining State cost reimbursement for equipment usage to maintain State roads. Overtime is also reduced \$16,000. This overall revenue is reduced almost 2% or almost \$60,000. Salt prices are projected to increase 12% resulting in expenditure budget increase of \$45,000 to \$581,800.
- **On-going energy costs** are budgeted to increase almost \$158,000 in Public Works operations overall, with the largest increase for natural gas of \$82,500. Natural gas prices are expected to be unstable increasing at double-digit rates for the second year. Electricity is increasing \$66,000, or 7% including \$11,000 for the operation of additional traffic signals.
- **Fuel costs** are assumed at \$2.15 per gallon up from \$1.75 per gallon, resulting in expenditure increases of almost \$160,000 or over a 20% increase.

General Administration - Non-Departmental

- **County Clerk** expenditures are increasing \$133,400 mostly for election related costs, including the cost of ballots and publishing required legal election notices. The increase corresponds to having four elections planned for 2006 as compared to two in 2005.
- **DOA-General Fund** Information Systems division is restructuring operations and personnel through position retitlements and reassignments to better service the county information system needs, based on the division's business plan direction for providing services.
- The **End User Operations and Technology Fund (EUOTF)** expenditures increase \$491,000. Personnel costs account for \$200,000 of the expenditure increase and reflect restructuring changes that include the transfer of 1.00 FTE Solutions Administrator Position from DOA and mid year transfers of two computer service positions from the Human Services and Public Works budgets, to more effectively and efficiently deliver services
- **General Fund Non-departmental** expenditures increases for Courthouse / Administration building controlled access entrance security of \$200,000.

Capital Projects

The 2006 capital project expenditure budget of \$20.7 million decreases \$9.0 million or 30.4% from the 2005 adopted budget. The 2006 capital budget identifies funding for existing and new projects at a net county cost of \$16.6 million (after revenues and fund balance appropriation totaling \$4.1 million are applied). For 2006, borrowed funds total \$12.0 million and investment income is at \$525,000. Project funding also includes \$4.1 million in county tax levy, a decrease of \$754,400 from the 2005 budget.

Debt Service

The Debt Service expenditure budget for general governmental purposes (excluding proprietary funds debt service payments which are funded from individual fund operating budgets) is \$13,105,914, an increase of \$1.0 million or 8.4% from the 2005 adopted budget. To fund the 2006 capital project's budget, \$12.0 million is planned to be borrowed increasing the County's total debt outstanding to \$89.2 million.

2004 - 2006 REVENUE SUMMARY

BY SOURCE	2004 Actual	2005 Adopted Budget	2005 Estimate	2006 Adopted Budget	Incr/(Decr) From 2005 Adpt. Budget
Intgov't Contracts & Grants	\$67,422,909	\$76,197,240	\$72,033,982	\$74,207,963	(\$1,989,277)
State Transportation Aids	\$5,502,765	\$5,352,765	\$5,352,765	\$5,452,765	\$100,000
State Shared Revenues	\$1,444,849	\$1,568,300	\$1,606,715	\$1,418,300	(\$150,000)
Fines & Licenses	\$3,795,956	\$2,913,505	\$2,896,085	\$3,053,865	\$140,360
Charges for Services (a)	\$23,556,722	\$24,311,168	\$24,158,815	\$24,435,872	\$124,704
Interdepartmental Revenue	\$14,326,171	\$14,360,934	\$14,175,261	\$15,116,706	\$755,772
Other Revenues	\$8,935,037	\$7,228,822	\$8,023,641	\$7,667,598	\$438,776
Interest/Penalty on Delinq Taxes	\$2,270,067	\$1,838,000	\$1,950,000	\$1,988,000	\$150,000
Investment Inc-Unrestricted Funds	\$3,738,202	\$5,850,000	\$5,600,000	\$5,915,000	\$65,000
Debt Borrowing	\$14,000,000	\$14,400,000	\$14,400,000	\$12,000,000	(\$2,400,000)
Appropriated Fund Balance	\$10,676,750	\$13,707,986	\$12,492,765	\$10,451,929	(\$3,256,057)
Retained Earnings (b)	(\$2,531,093)	(\$1,011,905)	(\$1,671,001)	(\$665,039)	\$346,866
Tax Levy	\$84,321,665	\$87,661,217	\$87,661,217	\$90,172,396	\$2,511,179
Total Gross Revenues	\$237,460,000	\$254,378,032	\$248,680,245	\$251,215,355	(\$3,162,677)

BY FUNCTION	2004 Actual	2005 Adopted Budget	2005 Estimate	2006 Adopted Budget	Incr/(Decr) From 2005 Adpt. Budget
Justice & Public Safety (a)	\$14,552,938	\$13,547,534	\$13,559,687	\$13,806,730	\$259,196
Health & Human Services	\$65,981,981	\$73,870,770	\$69,449,169	\$74,537,089	\$666,319
Parks, Env, Educ & Land Use (a)	\$17,317,503	\$16,203,845	\$16,802,715	\$16,390,824	\$186,979
Public Works	\$14,460,295	\$14,680,863	\$14,499,341	\$15,543,886	\$863,023
General Administration	\$10,609,692	\$11,989,764	\$11,952,708	\$12,437,961	\$448,197
Non-Departmental	\$6,157,768	\$4,692,958	\$4,898,644	\$4,807,979	\$115,021
Capital Projects & Debt	\$1,912,501	\$4,635,000	\$4,635,000	\$1,731,600	(\$2,903,400)
Debt Borrowing	\$14,000,000	\$14,400,000	\$14,400,000	\$12,000,000	(\$2,400,000)
Appropriated Fund Balance	\$10,676,750	\$13,707,986	\$12,492,765	\$10,451,929	(\$3,256,057)
Retained Earnings (b)	(\$2,531,093)	(\$1,011,905)	(\$1,671,001)	(\$665,039)	\$346,866
Tax Levy	\$84,321,665	\$87,661,217	\$87,661,217	\$90,172,396	\$2,511,179
Total Gross Revenues	\$237,460,000	\$254,378,032	\$248,680,245	\$251,215,355	(\$3,162,677)

(a) Includes revenues from enterprise fund user fees which are estimated to result in retained earnings.

(b) Revenues in excess of expenditures from enterprise funds which are retained in the appropriate fund and not used to offset the overall County tax levy.

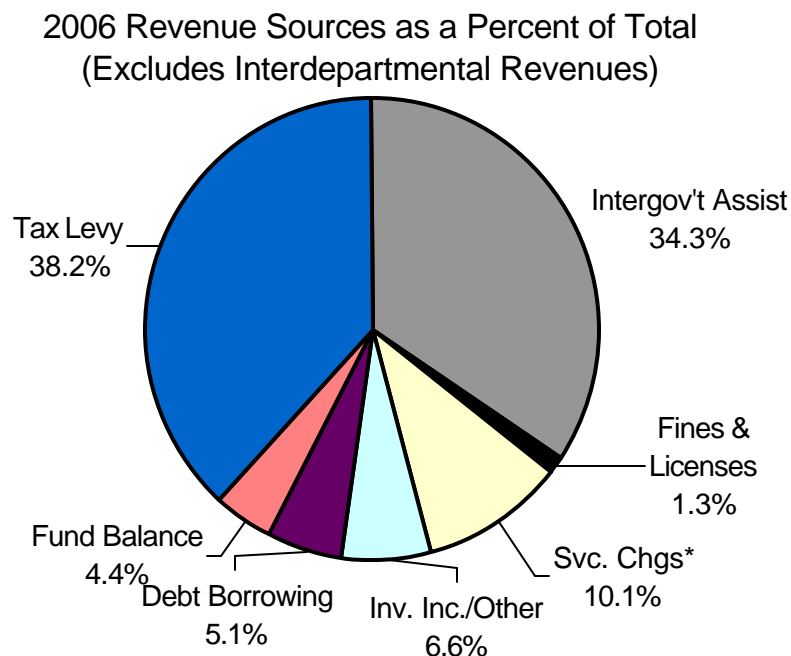
2006 REVENUE HIGHLIGHTS

Revenue Budget:

The 2006 revenue budget (**excluding property tax levy, fund balance appropriations and revenue generating proprietary fund retained earnings**) totals \$150,591,030, a decrease of \$2,417,799 or 1.6% from the 2005 adopted budget. The net revenue budget is \$135,474,324 after elimination of \$15,116,706 of interdepartmental revenues (mostly from internal service funds), which are in essence double-budgeted.

The 2006 revenues consist of departmental operating revenues budgeted at \$136,859,430 and capital project funding at \$13,731,600, including \$12,000,000 from planned borrowing. Overall, the operating revenues increase \$2,885,601 or 2.15% from the prior year budget while capital project revenue decreases by \$5.3 million.

The graph below reflects the ratio of revenue sources budgeted for 2006 to all revenue sources, with Tax Levy of 38.2% and Intergovernmental Assistance of 34.3% (after excluding Interdepartmental Revenues) as the major revenue components.



* Excludes Retained Earnings

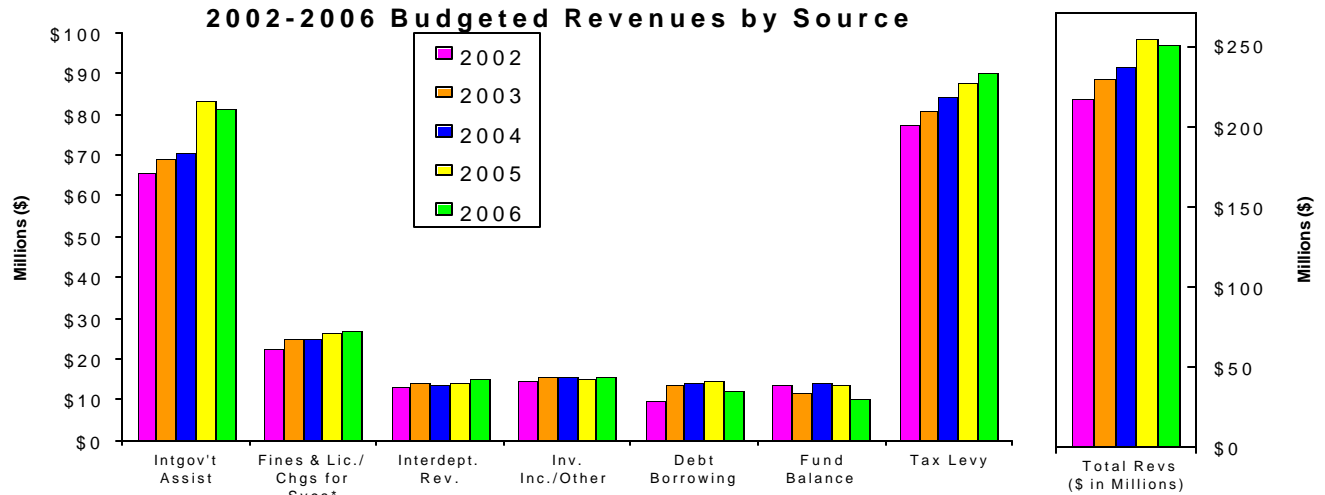
Revenue Projection Methodology

Realistic and accurate revenue forecasting is one of the primary building blocks in the development of a fiscally sound budget. The County combines four primary projection methods based on the unique characteristics of forecasted revenue. These methods include:

1. Informed/Expert Judgment (e.g., the advice of a department head).
2. Deterministic Techniques (e.g., formula based).
3. Time Series Technique (e.g., trend analysis, rolling averages)
4. Estimates from external sources (e.g., State and Federal governments).

2006 REVENUE HIGHLIGHTS

The graph below reflects the revenue trends budgeted from all sources for 2002-2006. Nearly all sources have shown annual increases during the five-year period, with the exception of intergovernmental assistance in 2006.



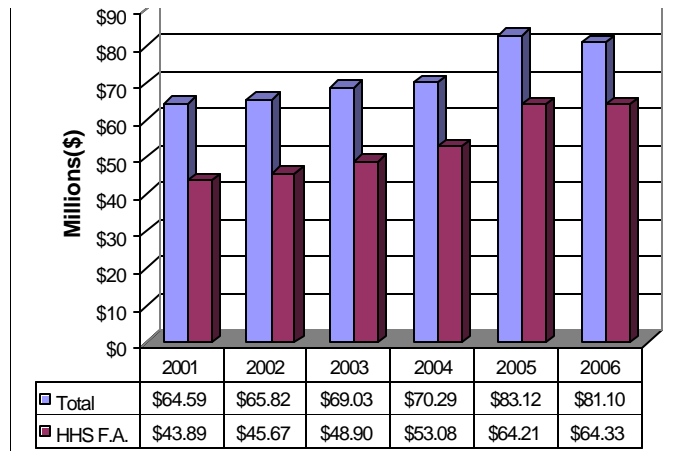
*Excludes retained earnings.

Detailed revenue highlights are included within each functional area summary. A summary of highlights and major changes from the 2005 adopted revenue budget, by source, follows.

Intergovernmental Assistance:

Combined, total 2006 intergovernmental contracts, grants, state aids and state shared revenues are budgeted at \$81,079,028, representing a decrease of \$2,039,277 or 2.5% from the previous year's budget.

The Health and Human Services Functional Area (HHS F.A.) receives the majority of its State intergovernmental assistance funding from Federal and State sources. The Health and Human Services Functional Area includes the departments of Health and Human Services, Senior Services, Veterans, Child Support, and Community Development.



- **Capital Project** funding decreases \$2.8 million from 2005, mainly from a \$1.9 million decrease in state and municipal highway and bikeway construction cost sharing revenue and \$650,000 of federal Homeland Security – Urban Area Security Initiative (UASI) grant revenue for the Mobile Data Infrastructure project.
- **Health and Human Services – Autism Waiver Services** program revenues decrease \$977,300 based on a lower caseload than anticipated in the 2005 budget. The department is the responsible agency for the coordination of intensive and post intensive autism services.
- **Health and Human Services - Long-Term Care Division** 2006 revenue budget increases \$532,600 based on the type of clients served along with increases in federal / state funding per client.
- **The Criminal Justice Collaborating Council** budget includes \$171,000 of first year funding, of a three year \$450,000 grant, from the Federal Department of Justice Grant to implement an Alcohol Treatment Court to target 3rd offense OWI offenders.
- **Parks and Land Use** revenue increases \$436,000, based on the first-year budgeting of a state funded smart growth grant of \$286,000 for collaborative countywide land use planning, and an increase of \$150,000 to the state recycling grant based on historical levels.

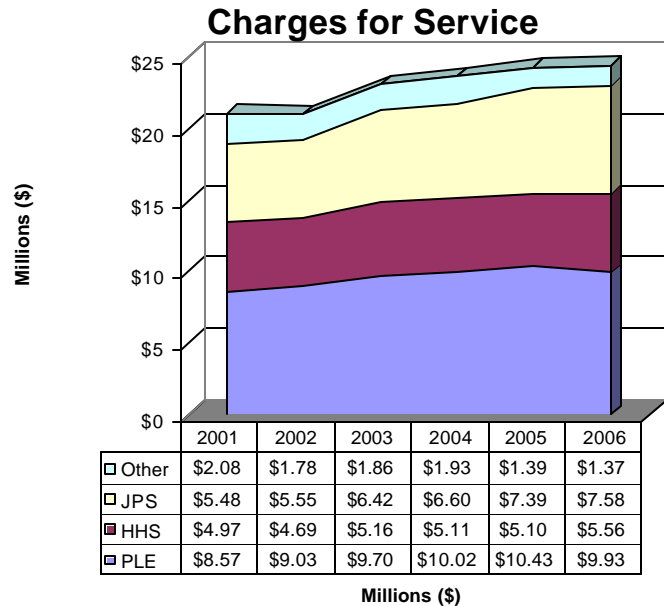
2006 REVENUE HIGHLIGHTS

Charges for Services:

Charges for County services (user fees) are budgeted at \$24,435,872, which represents an increase of approximately \$124,700 or about 0.5% from the 2005 adopted budget.

User Fees are charges for specific government services to those who utilize and value certain services. They provide an equitable, proportional method to continue service operations without charging the general population. User fees collected include fees for document recording and real estate transfer and public admission for recreation usage within the Parks, Environment and Land Use area (PLE), client treatment, inpatient or residential services fees within the Health and Human Services area (HHS), and inmate stays, contracted patrols, and judicial and public safety within the Justice and Public Safety area (JPS).

- **Human Service** revenues increases \$451,000 to \$5.51million, which includes just over \$200,000 for the implementation of the Comprehensive Community Support benefit, allowing the County to receive the federal reimbursement share (approx. 60%) for roughly 35 mental health residential services clients; and \$100,000 for emergency mental health services related to the implementation of the expanded crisis intervention services.



- The **Sheriff's** department is negotiating with the Federal Marshall to house at least 60 federal inmates during 2006, with a potential countywide revenue budget of \$1.4 million. This is an increase of \$122,300, from increasing inmates housed by 9, to partially offset a decreasing the budgeted per day fee charged to the Federal Marshal from \$70 in 2005 to \$65 per day in the 2006 budget.

Fines and Licenses:

Overall fine and license revenues total \$3,053,865 in 2006, an increase of more than \$140,000, or 4.8% from the 2005 adopted budget.

- **Treasurer** office is increasing the Agricultural Use Conversion Penalties revenue budget by \$75,000 to a \$150,000 level based on higher revenues recently experienced and higher revenues expected to be generated in 2006.
- **County Clerk** Marriage License fee revenue is increasing \$21,900 to \$129,000 based on an increase in the per-license fee from \$95 to \$105.

Interdepartmental Revenues:

Interdepartmental revenues total more than \$15,116,706, an increase of \$755,772 or 5.3% from the 2005 adopted budget. Interdepartmental revenues are primarily related to internal service fund charges for service, which are in essence double budgeted. These charges are originally funded through an external revenue source of Intergovernmental revenue external charges for services or tax levy in user department budgets.

2006 REVENUE HIGHLIGHTS

Other Revenues:

Revenues from other sources in the 2006 budget total \$15.6 million. This represents an increase of \$653,776 or about 4.4% from the 2005 adopted budget.

- Landfill Siting revenue is budgeted in the **Parks General Fund** at \$110,000 and in the **Tarmann Fund** at a \$300,000 level (previously budgeted as a Charge for Service).
- **Materials Recycling Facility** revenue from material sales increases \$105,000 to \$735,000.
- **Human Services Fund** revenues for Social Security and Supplemental Security Income increase \$178,400 to \$796,300 based on expanding the reimbursement efforts for children in alternative care along with the general 2% annual increase.

Debt Financing:

The 2006 budget includes borrowing of \$12.0 million to finance a portion of 2006 capital projects. This represents a decrease of \$2,400,000 in the level of borrowing from the 2005 adopted budget.

Appropriated Fund Balance

To reduce the 2005 tax levy (for 2006 budget purposes), the budget includes fund balance appropriations of \$10,451,929 for one-time projects or temporary expenditures. This includes \$7,581,929 for the operating budgets and \$2,870,000 for the Capital Projects budget (including a \$2,000,000 loan of fund balance from the Materials Recycling Fund).

FUND BALANCE SOURCES

Fund Balance Use in Fund / Department Budgets	General Fund	Special Revenue Funds	Internal Service Funds	Enterprise Funds	Capital Fund	Debt Service Fund	Total
Capital Projects Budget	\$0		\$810,000	\$2,000,000	\$60,000	\$0	\$2,870,000
Debt Service Fund	\$600,000					\$750,000	\$1,350,000
Parks and Land Use Dept.	\$81,000	\$125,000		\$925,000			\$1,131,000
Contingency Fund	\$1,000,000						\$1,000,000
End User Ops./Tech. Fund			\$996,343				\$996,343
Human Services Dept.		\$635,550					\$635,550
Administration Dept.			\$624,847				\$624,847
Emergency Preparedness	\$241,117			\$329,008			\$570,125
Non-Departmental Dept	\$406,300						\$406,300
Public Works Dept	\$293,730		\$101,083				\$394,813
Airport Fund				\$173,977			\$173,977
Sheriff Dept.	\$171,099						\$171,099
Corporation Counsel Dept.	\$15,000	\$75,500					\$90,500
County Clerk Dept.	\$35,000						\$35,000
Senior Services Dept.		\$2,375					\$2,375
Total by Fund Type	\$2,843,246	\$838,425	\$2,532,273	\$3,427,985	\$60,000	\$750,000	\$10,451,929

Tax Levy and Property Assessed Valuation:

The overall 2005 tax levy (for 2006 budget purposes) is \$90,172,396, which represents an increase of \$2,511,179 or 2.86% from the 2005 adopted budget. The total tax levy consists of general County purpose tax levy of \$87,595,762, a \$2,675,931 or 3.15% increase from the 2005 adopted budget, and the Federated Library tax levy of \$2,576,634, a decrease of \$164,752 or 6.01% from the 2005 adopted budget.

The tax levy rate for the general County portion of the budget is \$1.9634 per \$1,000 of equalized value, a decrease of \$0.1467 or 6.95%. The tax levy rate for the Federated Library System is \$0.2416 per \$1,000 of equalized value, an increase of \$0.0062 or 2.6%.

The County's equalized property valuation (excluding Tax Incremental Financing Districts) as determined by the Wisconsin Department of Revenue is at \$44,614,092,450, an increase of more than \$4.37 billion or 10.9% from the previous year.

DECISION MAKING CRITERIA FOR NEW POSITIONS

County government has an obligation to meet the needs of its citizens in a fiscally prudent manner. One of the largest costs of government is personnel cost. Unlike capital projects that are paid for in a set period of time, position costs continue each year as long as the position exists. Therefore, before new positions are authorized, a careful review of the justification of these requests is warranted. In reviewing these requests, the following types of questions are asked.

1. Does the reason a position is being requested support the strategic plan for the County and the department?
2. Can the work be accomplished in any other way?
3. Does the proposed position improve customer service?
4. Does the proposed position provide direct services as opposed to administrative support, supervision, or management?
5. Will the proposed position allow the department to increase revenues or decrease expenditures beyond the cost of the position?
6. Does the proposed position provide preventative services that will lead to cost avoidance of more expensive services in the future?
7. Is there outside (non-county tax levy) funding available for the proposed position, i.e. state/federal grants?
8. Can the position costs be offset by eliminating or reducing a lower priority function?
9. Can the proposed position be justified as an investment with future benefits to the County greater than the cost of the position?
10. Has the organization been reviewed for efficiency? Is the organization a re-engineering candidate?
11. What will be the effect if the proposed position is not created?

BUDGETED POSITIONS 2004-2006
SUMMARY BY FUNCTIONAL AREA

*****BUDGETED POSITIONS ONLY*****

FUNCTIONAL AREAS:	2004 Year End	2005 Adopted Budget	2005 Modified Budget	2006 Budget	05-06 Change
Justice And Public Safety	492.10	515.99	515.49	532.88	17.39
Health And Human Services	430.17	429.03	429.03	429.98	0.95
Parks, Env, Educ And Land Use	153.00	153.00	153.00	150.50	(2.50)
Public Works	162.50	160.75	160.75	161.00	0.25
General Administration	110.75	110.80	110.80	108.90	(1.90)
Non-Departmental	17.00	17.00	17.00	19.00	2.00
Total Regular Positions County-Wide	1,365.52	1,386.57	1,386.07	1,402.26	16.19
Temporary Extra Help	117.14	122.33	122.40	124.62	2.22
Overtime	23.48	24.13	24.13	22.75	(1.38)
Total Position Equivalents County-Wide	1,506.14	1,533.03	1,532.60	1,549.63	17.03

SIGNIFICANT CHANGES FOR 2006:

Budget funded position equivalents increase by a net 17.03 FTE for 2006, including temporary extra help and overtime.

The position allocation for the Justice Expansion increases by 17.94 FTE between the Sheriff and Public Works departments, reflecting 2.88 FTE funded new positions created in 2006 and 15.06 FTE for positions created in the 2005 budget.

In addition, the 2006 budget includes funding for 2.00 FTE net new regular full time positions after abolishments of 2005 funded positions; unfunds 3.75 FTE regular full time positions; increases temporary extra help positions 2.22 FTE; and decreases overtime by 1.38 FTE.

In addition, separate position actions modifying the 2005 Adopted Budget occurred outside the annual position request process, which is part of the budget cycle, and includes the following changes:

2005 Change (FTE)	Department	Budget Action/Position	Ordinance #
(1.00)	Human Svc. Fund	Abolish 1.00 FTE Public Health Technician	160-019
1.00	Human Svc. Fund	Create 1.00 FTE Community Health Educator	160-019
(0.50)	District Attorney	Sunset 0.50 FTE Social worker due to funding decrease	
0.07	UW-Extension	Increase Extra Help	159-122

For additional information, see the "Budgeted Position Summary" included for each functional area.

SUMMARY OF FUND BALANCE PROJECTIONS

**As of December 31, 2005
(Unaudited)**

Projections of fund balance are an indicator of the estimated financial condition of the County at year-end. The current year projection (year-end 2005) is based on year-to-date information together with departmental estimates of revenues, expenditures and net transfers for various fund types. Fund balances are projected separately for General, Special Revenue, Enterprise, Internal Service, Debt, and Capital Project Fund types. For a description of the County's financial structure see the Strategic Planning and Budget Policies Section of the 2006 Adopted Budget. For descriptions of funds see the Summary section.

Total combined estimates of fund balances at December 31, 2005 are projected at \$102.9 million, a decrease of \$10.2 million from December 31, 2004 year-end combined fund balances. Of the combined fund balance amount, \$73.6 million is reserved (by State Law, County Board ordinance, etc.) for specific future use exclusively within each particular fund. A summary of projected fund balance by fund type is described below.

December 31, 2005

General Fund Balance - The estimated fund balance for the General Fund is projected at \$50.1 million, a decrease of \$4.8 million from 2004. This decrease results mainly from planned use of fund balance, including \$3.0 million for 2005 capital projects and \$500,000 for debt service. Other fund balance use included \$335,000 for the Public Works department's building improvement plan, and \$384,000 for one-time costs associated with the opening of the Justice Expansion during 2005. The unreserved portion of the fund balance is estimated at \$27.4 million, an increase of about \$472,000 from 2004.

Special Revenue Fund Balance - The December 31, 2005 estimated fund balance is \$10.2 million, a decrease of \$1.0 million from 2004. This decrease results from projected departmental revenues under expenditures of \$1.3 million and net transfers in of \$333,500. The unreserved portion of fund balance is estimated at \$1.9 million, a decrease of \$848,900 from 2004.

SUMMARY OF FUND BALANCE PROJECTIONS, Cont.

Working Capital - The unreserved General Fund balance combined with the unreserved Special Revenue Fund balance (governmental funds, excluding debt and capital projects) provides working capital for nearly eight weeks of operations based on the 2006 expenditure budget. In addition, the ratio of governmental funds unreserved fund balance to governmental expenditures for year-end 2005 is estimated at 15.7%, a decrease from the 16.9% at year-end 2004. This estimated percentage exceeds the County's goal of at least 11%, which provides sufficient cash flow for the County's operations, and indicates major progress toward the target goal of 15%. The projection for year-end 2006 is estimated to achieve the target goal at 14.5%.

Enterprise Fund Balance - Fund balance is projected at \$12.7 million, which is unchanged from 2004. The enterprise funds include three golf courses, two indoor ice arenas, radio services, a materials recycling facility, and an airport development fund.

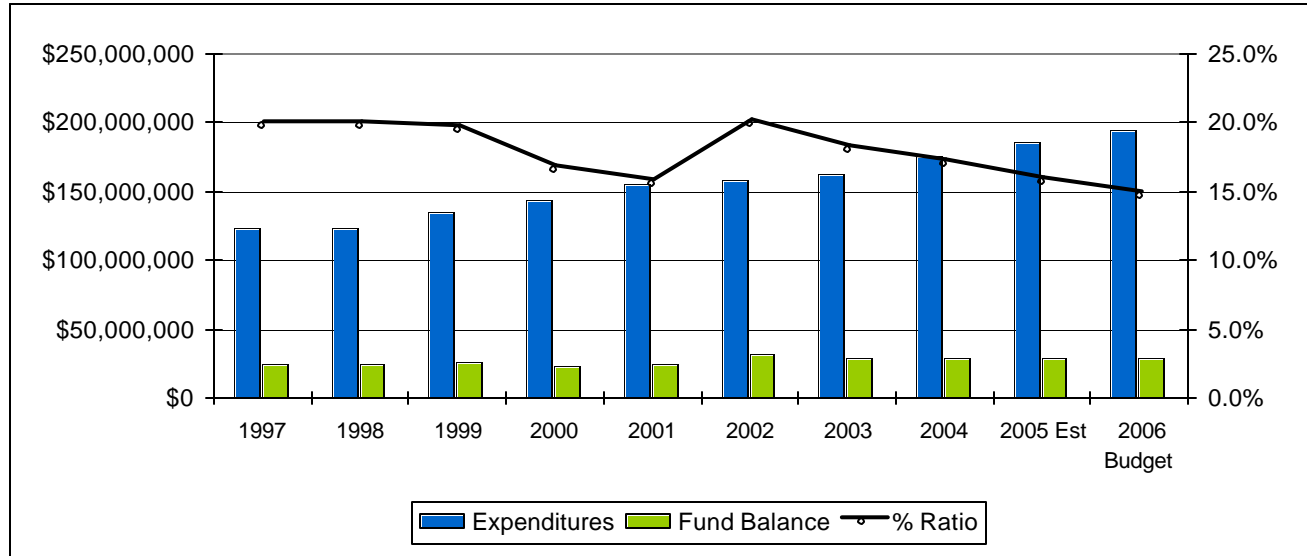
Internal Service Fund Balance - Year-end 2005 fund balance is estimated at \$15.0 million, which is \$1.0 million less than 2004. Internal Service Funds include vehicle/equipment replacement, end user operations and technology (including equipment replacements and records management) central fleet maintenance, central services, telephone communications, collections, and risk management (general liability and worker's compensation). These funds are reserved mostly for vehicle/equipment and computer replacement assets; general liability and worker's compensation claims incurred but not paid; and incurred but not reported (IBNR) claims that are actuarially determined.

Debt Service and Capital Projects - Projected combined fund balances at year-end 2005 total \$19.5 million, a decrease of \$3.3 million from the prior year. This is mainly due to higher expenditures for the jail addition project. The entire fund balance in both of these fund types are reserved for existing capital projects and related debt retirement purposes.

December 31, 2006

The year-end 2006 projection is based on 2006 budgeted revenues, expenditures, and estimates on completion of capital projects appropriated in prior years. At year-end 2006, total combined fund balances are estimated at \$94.7 million, a decrease of \$8.2 million from the estimated 2005 level. Of the estimated combined year end 2006 total fund balance, \$66.1 million is reserved for specific future use (legally restricted) within the particular funds, and \$28.6 million is estimated to be the unreserved fund balance. This is an estimated decrease in unreserved fund balance of about \$0.7 million from year-end 2005.

GENERAL & SPECIAL REVENUE FUNDS
Expenditures, Undesignated Fund Balance



Expenditures and Undesignated Fund Balance
General and Special Revenue Funds

<u>Year</u>	<u>Expenditures</u>	<u>Undesignated Fund Balance</u>	<u>% Ratio</u>
1997	\$123,009,105	\$24,272,650	19.7%
1998	\$123,941,865	\$24,568,323	19.8%
1999	\$134,536,939	\$26,170,810	19.5%
2000	\$144,241,335	\$23,920,813	16.6%
2001	\$156,232,272	\$24,220,880	15.5%
2002	\$157,722,828	\$31,315,948	19.9%
2003	\$163,223,728	\$29,325,394	18.0%
2004	\$175,235,496	\$29,684,364	16.9%
2005 Est	\$186,099,842	\$29,307,574	15.7%
2006 Budget	\$194,400,902	\$28,578,174	14.7%

Policy and Practice

The County will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the County's Aaa/AAA bond ratings.

The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratios will be maintained at a minimum of 11%. The current target is 15%, or about eight weeks of working capital for operations.

Fund balance reserves will not be used to offset continuous operation costs.

To the extent possible, reserves will be used to provide operating efficiencies over the long term.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2005**

SCHEDULE 1

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Fund Balance Dec 31, 2004	\$50,349,968	\$11,158,455	\$12,728,389	\$16,020,262	\$3,003,461	\$19,788,104	\$113,048,639
Reserved/designated fund balance	23,389,407	8,434,652	12,728,389 (D)	16,020,262 (D)	3,003,461	19,788,104	83,364,275
Unreserved/undesig fund balance Jan 1, 2005	26,960,561	2,723,803	\$0	\$0	\$0	\$0	\$29,684,364
Excess of Revenues over (under) Expenditures	(1,170,716)	(1,298,610)	63,207	(945,552)	(532,338)	(6,303,319)	(10,187,328)
Net Operating Transfers in (out)	(3,663,545)	333,545	(75,000)	(95,000)	500,000	3,000,000	0
Excess of Revenues & Other Financing Sources over (under) Expenditures (A)	(\$4,834,261)	(\$965,065)	(\$11,793)	(\$1,040,552)	(\$32,338)	(\$3,303,319)	(\$10,187,328)
Total Projected Fund Balance Dec 31, 2005	45,515,707	10,193,390	12,716,596	14,979,710	2,971,123	16,484,785	102,861,311
Reserved/Designated Fund Balance	18,083,023 (B)	8,318,500 (C)	12,716,596 (D)	14,979,710 (D)	2,971,123	16,484,785	73,553,737
Total Projected Unreserved Fund Balance	\$27,432,684	\$1,874,890	\$0	\$0	\$0	\$0	\$29,307,574

Footnotes:

(A) Negative amounts reflect planned use of reserved and designated fund balances for one time or temporary purposes.

(B) Includes \$2,843,246 designated in the 2005 budget.

(C) Includes \$1,386,653 designated in 2005 budget.

(D) The Enterprise and Internal Service Fund balances include fixed assets and funds budgeted for ongoing capital projects, and may include some unreserved funds.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2005**

SCHEDULE 2

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Revenues:							
General Intergovernmental	\$8,328,758	\$65,152,868	\$1,100,000	\$ -	\$ -	\$3,385,000	\$77,966,626
Taxes	50,592,508	20,888,669	201,453	204,836	10,936,251	4,837,500	87,661,217
Fines/Licenses	2,084,160	486,300	-	-	-	-	2,570,460
Charges for Services	13,564,006	5,260,155	5,202,140	339,254	-	-	24,365,555
Interdepartmental Revenue	3,029,026	345,835	418,699	9,881,269	-	-	13,674,829
Interest Income	4,679,490	121,000	-	-	-	600,000	5,400,490
Other Revenue	3,629,606	5,468,135	1,084,072	1,176,032	250,000	14,400,000	26,007,845
Total Revenues	\$85,907,554	\$97,722,962	\$8,006,364	\$11,601,391	\$11,186,251	\$23,222,500	\$237,647,022
Expenditures:							
Personnel Costs	\$59,624,051	\$30,737,458	\$2,214,485	\$3,410,872	\$ -	\$ -	\$95,986,866
Operating Expenses	19,114,051	61,811,546	4,320,305	8,704,294	-	-	93,950,196
Interdepartmental Charges	6,803,609	5,375,516	1,408,367	431,777	-	-	14,019,269
Fixed Asset/Capital Projects	1,536,559	1,097,052	-	-	-	29,525,819	32,159,430
Debt Service	-	-	-	-	11,718,589	-	11,718,589
Total Expenditures	\$87,078,270	\$99,021,572	\$7,943,157 (A)	\$12,546,943 (A)	\$11,718,589	\$29,525,819	\$247,834,350
Excess of Revenues over (under) Expenditures	(\$1,170,716)	(\$1,298,610) (B)	\$63,207	(\$945,552) (B)	(\$532,338) (B)	(\$6,303,319) (B)	(\$10,187,328) (B)

Footnotes:

(A) Net of capital projects expenditures and revenues.

(B) Negative amounts reflect planned use of reserved and designated fund balances for one time or temporary purposes.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2006**

SCHEDULE 3

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Fund Balance December 31, 2005	\$45,515,707	\$10,193,390	\$12,716,596	\$14,979,710	\$2,971,123	\$16,484,785	\$102,861,311
Reserved/designated fund balance	18,083,023	8,318,500	12,716,596	14,979,710	2,971,123	16,484,785	73,553,737
Unreserved Fund Balance January 1, 2006	\$27,432,684	\$1,874,890	\$0	\$0	\$0	\$0	\$29,307,574
Excess of Revenues over (under) Expenditures (A)	(918,246)	(838,425)	(565,737)	(1,644,482)	(1,350,000)	(2,870,000)	(8,186,890)
Net Operating Transfers in (out)	(755,000) (B)	0	0	(95,000) (C)	600,000	250,000	0
Excess of Revenues & Other Financing Sources over (under) Expenditures	(\$1,673,246)	(\$838,425)	(\$565,737)	(\$1,739,482)	(\$750,000)	(\$2,620,000)	(\$8,186,890)
Total Projected Fund Balance Dec. 31, 2006	43,842,461	9,354,965	12,150,859	13,240,228	2,221,123	13,864,785	94,674,421
Reserved/Designated Fund Balance	17,464,177	7,155,075	12,150,859 (D)	13,240,228 (D)	2,221,123	13,864,785	66,096,247
Total Projected Unreserved Fund Balance	\$26,378,284	\$2,199,890	\$0	\$0	\$0	\$0	\$28,578,174

Footnotes:

(A) Budgeted fund balances are responsible for the deficit figures.

(B) Planned transfer out of \$250,000 to capital projects and \$600,000 of Jail Assessment fees to Debt Service offset by a planned \$95,000 repayment of prior year start-up funds from the Collections Fund.

(C) Planned \$95,000 repayment of prior year start-up funds from the Collections Fund.

(D) The Enterprise and Internal Service Fund balances include fixed assets and may include some unreserved funds.

FUNCTIONAL AREA SUMMARY BY FUND TYPE

2006 BUDGET

EXPENDITURES	GENERAL FUND (a)	SPECIAL REVENUE	ENTERPRISE	INTERNAL SERVICE	DEBT	CAPITAL PROJECTS	TOTAL
JUSTICE & PUBLIC SAFETY	\$46,370,521	\$0	\$1,090,724	\$0	\$0	\$0	\$47,461,245
HEALTH & HUMAN SERVICES	\$5,827,982	\$90,543,121	\$0	\$0	\$0	\$110,000	\$96,481,103
PARKS, ENV., EDUC., LAND USE	\$13,740,069	\$5,321,228	\$6,191,725	\$0	\$0	\$1,271,700	\$26,524,722
PUBLIC WORKS	\$9,778,265	\$9,271,524	\$1,038,180	\$5,188,874	\$0	\$18,038,000	\$43,314,843
GENERAL ADMINISTRATION (b)	\$14,548,192	\$0	\$0	\$8,514,336	\$13,105,914	\$1,265,000	\$37,433,442
TOTAL EXPENDITURES	\$90,265,029	\$105,135,873	\$8,320,629	\$13,703,210	\$13,105,914	\$20,684,700	\$251,215,355
REVENUES							
JUSTICE & PUBLIC SAFETY	\$12,881,041	\$0	\$925,689	\$0	\$0	\$0	\$13,806,730
HEALTH & HUMAN SERVICES	\$2,200,564	\$72,336,525	\$0	\$0	\$0	\$50,000	\$74,587,089
PARKS, ENV., EDUC., LAND USE	\$7,806,230	\$2,619,594	\$5,965,000	\$0	\$0	\$306,600	\$16,697,424
PUBLIC WORKS	\$1,516,186	\$8,263,725	\$662,750	\$5,101,225	\$0	\$200,000	\$15,743,886
GENERAL ADMINISTRATION (b)	\$10,463,273	\$0	\$0	\$6,782,667	\$0	\$13,175,000	\$30,420,940
TOTAL REVENUES	\$34,867,294	\$83,219,844	\$7,553,439	\$11,883,892	\$0	\$13,731,600	\$151,256,069
FUND ADJUSTMENTS	\$2,518,246	\$838,425	\$1,152,985	\$1,722,273	\$1,350,000	\$2,870,000	\$10,451,929
RETAINED EARNINGS			(\$587,248)	(\$77,791)	\$0		(\$665,039)
TAX LEVY	\$52,879,489	\$21,077,604	\$201,453	\$174,836	\$11,755,914	\$4,083,100	\$90,172,396

(a) Includes Contingency Fund.

(b) Includes Non-Departmental.

APPROPRIATION UNIT SUMMARY BY FUND TYPE

2006 BUDGET

EXPENDITURES	GENERAL FUND (a)	SPECIAL REVENUE	ENTERPRISE	INTERNAL SERVICE	DEBT	CAPITAL PROJECTS	TOTAL
PERSONNEL COSTS	\$62,949,468	\$31,781,939	\$2,306,409	\$3,758,076	\$0	\$0	\$100,795,892
OPERATING EXPENSES	\$19,470,186	\$66,746,817	\$4,529,999	\$9,486,388	\$0	\$0	\$100,233,390
INTERDEPARTMENTAL CHARGES	\$7,284,475	\$5,616,117	\$1,484,221	\$458,746	\$0	\$0	\$14,843,559
FIXED ASSETS & IMPROVEMENTS	\$560,900	\$991,000	\$0	\$0	\$0	\$20,684,700	\$22,236,600
DEBT SERVICE	\$0	\$0	\$0	\$0	\$13,105,914	\$0	\$13,105,914
TOTAL EXPENDITURES	\$90,265,029	\$105,135,873	\$8,320,629	\$13,703,210	\$13,105,914	\$20,684,700	\$251,215,355
REVENUES							
INTERGOVT. CONTRACTS/GRANTS	\$7,156,565	\$71,715,863	\$1,000,000	\$0	\$0	\$1,206,600	\$81,079,028
FINES & LICENSES	\$2,573,865	\$480,000	\$0	\$0	\$0	\$0	\$3,053,865
CHARGES FOR SERVICES	\$12,891,673	\$5,934,827	\$5,348,809	\$260,563	\$0	\$0	\$24,435,872
INTERDEPART. REVENUES	\$3,741,874	\$374,861	\$435,530	\$10,564,441	\$0	\$0	\$15,116,706
OTHER REVENUES	\$8,503,317	\$4,714,293	\$769,100	\$1,058,888	\$0	\$12,525,000	\$27,570,598
TOTAL REVENUES	\$34,867,294	\$83,219,844	\$7,553,439	\$11,883,892	\$0	\$13,731,600	\$151,256,069
FUND ADJUSTMENTS	\$2,518,246	\$838,425	\$1,152,985	\$1,722,273	\$1,350,000	\$2,870,000	\$10,451,929
RETAINED EARNINGS	\$0	\$0	(\$587,248)	(\$77,791)	\$0	\$0	(\$665,039)
TAX LEVY	\$52,879,489	\$21,077,604	\$201,453	\$174,836	\$11,755,914	\$4,083,100	\$90,172,396

(a) Includes Contingency Fund.

FUND DESCRIPTIONS

The following are capsule descriptions of each County fund. To the right of each description are the total 2006 expenditures and property tax levy for that fund.

	2006 Expenditure Budget	2006 Tax Levy
<u>GENERAL FUND</u>		
The General Fund is the largest single County fund. It is the primary operating fund of the County. It accounts for all revenues that are not required to be processed through another fund. Almost two-thirds of General Fund revenue is received from taxes, but it also receives fines, fees, intergovernmental revenues, interest earnings, and other revenues.		
TOTAL GENERAL FUND	\$90,265,029	\$52,879,489
<u>SPECIAL REVENUE FUNDS</u>		
Special revenue funds are used to account for the proceeds from specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specific purposes.		
Human Services Funds (excludes Public Health in General Fund above)		
To account for funds needed to provide economic assistance, income maintenance, counseling, state-mandated inpatient and outpatient mental health, alcohol, drug abuse and developmental disability services, children, adolescent and family services.	\$82,216,027	\$17,099,032
Child Support		
To account for federal, state and county funds that provide for administration and support of Child Support programs.	\$2,282,820	\$209,952
Federated Library Funds		
To account for funds provided to maintain a member library system.	\$3,762,842	\$2,576,634
Senior Services Nutrition Fund		
To account for federal and state funds that provide for home delivered meals and congregate nutrition programs.	\$1,144,924	\$184,187
Community Development Fund		
To account for federal funds to provide to other governmental units or nonprofit organizations to aid low income and other disadvantaged persons.	\$4,899,350	\$0
Transportation Fund		
To account for funds needed to provide all services on the County trunk highway system and selected non-county roads, including planning, designing maintenance and construction and to account for state funds provided on a reimbursement basis for performing maintenance and repair on other projects as specified on all state trunk highways within the County. To account for state, federal and local funds used to provide bus services to selected areas of the County.	\$9,271,524	\$1,007,799
Walter J. Tarmann Parkland Acquisition Fund		
To account for funds provided to acquire parkland and natural areas as identified in the Waukesha County Park and Open Space Plan.	\$1,000,000	\$0
Land Information Systems Fund		
To establish a countywide, integrated approach to linking land parcel locations to digital mapping and databases concerning property information.	\$558,386	\$0
SPECIAL REVENUE FUND TOTALS	\$105,135,873	\$21,077,604

FUND DESCRIPTIONS

INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis.

End User Operations & Technology Fund

To finance the common technology infrastructure for County users. The fund is managed on a total cost of ownership basis, and is designed to identify the services provided and resources required by the Information Systems staff to support end user departments. To account for the costs associated with the operation and maintenance of the County's central microfilming, records management services, contracted central printing and mail room services. Costs are billed to user departments based on time and material costs

**2006
Expenditure
Budget**

**2006
Tax
Levy**

\$4,959,279

\$269,836

Vehicle/Equipment Replacement Fund

To account for the costs associated with the financing of vehicle/equipment replacements when the individual item's cost equals or exceeds \$7,500 and has a useful life of two or more years. Costs are billed to user departments based on the depreciable life of the asset.

\$2,114,383

\$0

Central Fleet Maintenance Fund

To account for the costs associated with the maintenance, repairs and centralized fueling of all County-owned motorized equipment. Costs are billed to user departments based on work orders, time and material costs.

\$3,074,491

\$0

Communications Fund

To account for the costs associated with the operation and maintenance of the County's telecommunication system. Costs are billed to user departments based on actual usage and equipment inventories.

\$801,192

\$0

Risk Management Fund

To account for the costs associated with loss control, the investigation and payment of employee claims, claims administration and the transfer of risk to third parties through purchased insurance coverage. Costs are allocated to other County departments mostly on claims experience/exposure basis except for special insurance coverage, which are charged, based on actual costs. This fund also accounts for funds invested in the Wisconsin Municipal Mutual Insurance Company (WMMIC). The County, together with certain other units of government within the State of Wisconsin, created WMMIC to provide general and police professional liability, errors and omissions and vehicle liability coverage for counties or cities in Wisconsin.

\$2,035,319

\$0

Collection Management Fund

To account for the costs associated with countywide delinquent account collection activity. Costs are allocated to other County departments based on costs of services provided. Negative tax levy reflects payback of Tax Levy provided for startup costs in the early years of operation.

\$718,546

(\$95,000)

INTERNAL SERVICE FUND TOTALS

\$13,703,210

\$174,836

FUND DESCRIPTIONS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered, primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Radio Service Fund

To account for operations and maintenance of Countywide radio services, customers are billed on a fee for service basis.

**2006
Expenditure
Budget**

**2006
Tax
Levy**

\$1,090,724

\$0

Golf Courses Fund

To account for operations and maintenance of the 3 County golf courses.

\$3,119,471

\$0

Ice Arenas Fund

To account for operations and maintenance of the 2 County ice arenas.

\$1,028,313

\$0

Airport Operations Fund

To account for operations and maintenance of the County airport.

\$1,038,180

\$201,453

Materials Recycling Facility Fund

To account for operations and maintenance in the processing and marketing of recyclable materials collected from municipalities within the County program.

\$2,043,941

\$0

ENTERPRISE FUND TOTALS

\$8,320,629

\$201,453

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest and services costs. (Excludes debt services budgeted in Internal Service and Enterprise Funds). For further detailed information, see Debt Service, Section VIII.

TOTAL DEBT SERVICE FUNDS

\$13,105,914

\$11,755,914

CAPITAL PROJECTS FUNDS

All Capital project funds used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Governmental Fund projects total \$28,122,500 and Proprietary Fund Capital projects total \$1,605,000 included here but not shown above as Enterprise Operations.

\$21,184,700

\$4,083,100

TOTAL CAPITAL PROJECTS FUNDS

TOTAL ALL FUNDS

\$251,215,355

\$90,172,396
